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Security Council

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Letter dated 8 December 2010 from the Secretary-General addressed to the President of the Security Council

I refer to my letter to the President of the Security Council dated 1 May 2009 (S/2009/230). With that letter, I had enclosed my note on the arrangements for the termination of the operations related to the letters of credit issued against the United Nations Iraq Account under Security Council resolution 1483 (2003). I also refer to my report to the Security Council pursuant to paragraph 5 of resolution 1859 (2008) dated 27 July 2009 (S/2009/385), in which I reported, among other things, on residual activities of the oil-for-food programme. In that report, while welcoming the progress in reducing the number of outstanding letters of credit for which the confirmation of arrival is still pending, I had urged the responsible authorities of the Government of Iraq to redouble their efforts to process confirmations of arrival promptly, as appropriate, so that payments can be made to suppliers.

In order to apprise the Security Council of developments after my letter of 1 May 2009 and my report dated 27 July 2009, attached please find an update on the status of the remaining activity relating to the letters of credit as at 7 December 2010.

I should be grateful if you would bring the attached document to the attention of the members of the Security Council.

(*Signed*) **BAN** Ki-moon

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Enclosure

Note by the Secretary-General on the arrangements for the termination of the operations related to the letters of credit issued against the United Nations Iraq Account pursuant to Security Council resolution 1483 (2003)

I. Introduction

1. Following the Secretary-General's letter to the President of the Security Council dated 1 May 2009 (S/2009/230), as well as subsequent reports pursuant to paragraph 5 of Security Council resolution 1859 (2008) dated 27 July 2009 (S/2009/385) and Security Council resolution 1905 (2009) (see also reports of the Secretary-General dated 1 April 2010 (S/2010/166), 6 July 2010 (S/2010/359) and 1 November 2010 (S/2010/563)), the purpose of this note is as follows:

(a) To apprise the Security Council on the status of the residual activity relating to the oil-for-food programme and the United Nations Iraq Account as at 7 December 2010 (see sections III and IV below);

(b) To provide an overview of the remaining funds pertaining to the programme (see section IV below);

(c) To provide recommendations for the definitive conclusion of all residual activities pertaining to the programme and other actions relating thereto (see section V below).

2. It is recalled that by means of regular correspondence to the President of the Security Council, including letters dated 8 August 2005 (S/2005/535), 17 October 2005 (S/2005/656), 19 December 2005 (S/2005/807), 10 July 2006 (S/2006/510), 8 December 2006 (S/2007/46), 27 March 2007 (S/2007/241), 25 July 2007 (S/2007/476), 7 December 2007 (S/2007/725), 23 January 2008 (S/2008/41), 11 March 2008 (S/2008/175), 9 May 2008 (S/2008/205), 25 July 2008 (S/2008/492) and 1 May 2009 (S/2009/230), and the report dated 27 July 2009 (S/2009/385), as well as the reports of the Secretary-General, dated 1 April 2010 (S/2010/166), 6 July 2010 (S/2010/359) and 1 November 2010 (S/2010/563), the Secretary-General has kept the Security Council duly informed on the status of the termination of the operations related to the letters of credit issued against the United Nations Iraq Account under the programme.

II. Historic overview of the oil-for-food programme

3. It is recalled that pursuant to paragraph 1 of Security Council resolution 986 (1995), Member States were authorized, notwithstanding the relevant provisions of Security Council resolution 661 (1990), to permit the import of petroleum and petroleum products originating in Iraq. Pursuant to that resolution, payment of purchases of Iraqi petroleum and petroleum products were to be deposited directly into an escrow account to be established by the Secretary-General (the United Nations Iraq Account) to meet the humanitarian needs of the Iraqi population until Iraq's fulfilment of the relevant Security Council resolutions. This arrangement later became known as the oil-for-food programme.

4. Pursuant to the programme, the Secretary-General was requested to use the funds deposited in the United Nations Iraq Account to finance humanitarian contracts provided that: (a) each import of goods was at the request of the Government of Iraq; (b) the Government of Iraq effectively guaranteed their equitable distribution; and (c) the Secretary-General received authenticated confirmation that the imported goods concerned had arrived in Iraq.

5. Section 25 of the Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq signed in 1996 on the implementation of Security Council resolution 986 (1995) provided, therefore, that the arrival of goods in Iraq purchased under the programme would be confirmed by independent inspection agents to be appointed by the Secretary-General and that no payments could be made until the independent inspection agents provided the Secretary-General with authenticated confirmation that the exported goods had arrived in Iraq. As required by paragraph 12 of Security Council resolution 986 (1995), it was established that the bank holding the Iraq Account would effect payment under any letter of credit only if, among other things, the standardized confirmation of arrival had been provided (see sections 36 and 37 of the Procedures to be employed by the Security Council Committee established by Security Council resolution 661 (1990) concerning the situation between Iraq and Kuwait).

6. By its resolution 1483 (2003), the Security Council requested the Secretariat of the United Nations to terminate and to hand over the operational activities of the programme as well as the relevant documentation to the Coalition Provisional Authority by 21 November 2003. Nevertheless, at that stage, following the adoption of Security Council resolution 1483 (2003), 3,009 contracts, with an approximate value of $8 billion, were considered essential for the reconstruction and/or humanitarian needs of the Iraqi people and were, therefore, "prioritized" for their performance within the following six months. Thus, as at 22 November 2003, the United Nations retained the administration of the letters of credit associated with the 3,009 contracts referenced above and the Coalition Provisional Authority took over the administration of the process for the issuance of confirmations of arrival from 22 November 2003 to 30 June 2004. On 1 July 2004, pursuant to Security Council resolution 1546 (2004), the responsibility for the administration of the process for the issuance of confirmations of arrival was transferred to the Iraqi authorities.

7. As noted in successive status reports on the programme from me to the Security Council, following the transfer of responsibilities, the issuance of confirmations of arrival by the Government of Iraq was consistently slow. Consequently, the bank holding the Iraq Account was unable to make payments to suppliers that had claimed to have delivered goods in Iraq. The Security Council and I repeatedly urged the responsible authorities of the Government of Iraq to process confirmations of arrival promptly, as appropriate, so that payments could be made to suppliers.

8. In an effort to minimize the number of outstanding letters of credit, the Secretariat engaged in a thorough examination of the files and proposed the establishment of a Working Group composed of representatives of the Secretariat, the Government of Iraq and the Central Bank of Iraq (see letter from the Secretary-General to the President of the Security Council dated 7 December 2007 (S/2007/725)). The last meeting of this Working Group took place in June 2008, as reported in the accompanying note to the Secretary-General's letter to the President

of the Security Council dated 25 July 2008 (S/2008/492). Further to this Working Group, the Secretariat of the United Nations continued its engagement to determine the status of outstanding letters of credit and to facilitate the resolution of any outstanding payments by the Government of Iraq.

III. Status of the residual activity relating to the programme as at 9 December 2010

A. Letters of credit with claims of delivery

9. As a result of these efforts, the Secretary-General is pleased to report that as at 7 December 2010, the number of letters of credit with claims of delivery has been reduced from 92, with an approximate value of $313 million (as reported in the note attached to the Secretary-General's letter to the President of the Security Council dated 1 May 2009 (S/2009/230)), to 43 with an aggregate value of $101 million, as detailed in annex I to this note. It should be recalled that all letters of credit with claims of delivery listed in annex I to this note have already expired according to their terms.

10. The decrease in the number of letters of credit referred to above is owing mainly to: (a) the cancellation in full of 19 letters of credit; (b) the partial cancellation of 7 letters of credit in relation to which partial payment was made further to the receipt of the requisite confirmation of arrival and the remaining balance cancelled; and (c) the payment in full of 23 letters of credit further to the receipt of the requisite confirmation of arrival (see, in this regard, status of letters of credit with claims of delivery as reported, in particular, in the Secretary-General's letters to the President of the Security Council dated 23 January 2008 (S/2008/41), 11 March 2008 (S/2008/175), 9 May 2008 (S/2008/205), 25 July 2008 (S/2008/492) and 1 May 2009 (S/2009/230)).

B. Letters of credit with claims of delivery for which confirmations of arrival were issued and beneficiaries could not be located

11. It should be noted that with regard to 3 letters of credit (identified in annex II to this note) out of the total 43 letters of credit with claims of delivery referred to above, confirmations of arrival were issued by the relevant authorities of the Government of Iraq and received by the Secretariat. This notwithstanding, and after exhausting all possible efforts, these letters of credit could unfortunately not be paid as a result of the advising bank not being able to locate the relevant beneficiaries.

C. Letters of credit with claims of delivery for which confirmations of arrival were issued and beneficiary has not provided requisite documentation

12. In addition to the 3 letters of credit identified in paragraph 11, out of the total 43 letters of credit with claims of delivery referred to in paragraph 9 above, there are 3 letters of credit (identified in annex III to this note) for which confirmations of arrival were issued by the relevant authorities of the Government of Iraq and received by the Secretariat but for which beneficiaries have not provided the documentation required by the relevant letter of credit. In the absence of such documentation, these letters of credit cannot be paid.

D. Letters of credit with claims of delivery prior to the expiry of the letter of credit and whose letters of credit had been cancelled

13. It must be recalled that, as detailed in the note attached to my letter to the President of the Security Council dated 7 December 2007 (S/2007/725), beyond the letters of credit with claims of delivery still outstanding, the Secretariat had identified certain beneficiaries who had made claims of delivery prior to the expiry of the letter of credit and whose letters of credit had been cancelled. As mentioned in the note attached to the Secretary-General's letter to the President of the Security Council dated 1 May 2009 (S/2009/230), these 3 letters of credit should be treated in the same manner as the 43 letters of credit with claims of delivery mentioned in paragraph 9 above.

E. Allegations

14. The Secretary-General wishes also to report that, further to the receipt of allegations from suppliers that authentication documents may have been improperly withheld by authorities in Iraq (see, in this regard, the Secretary-General's letter to the President of the Security Council dated 8 December 2006 (S/2007/46)), he requested the Government of Iraq to investigate all such allegations and to confirm whether anything of value had been improperly requested from, or paid by, the supplier in exchange for the issuance of the confirmation of arrival. While some of those communications remain unanswered, the Secretary-General is pleased to report that in those cases in which an allegation was made and a confirmation of arrival was received: (a) the concerned supplier confirmed that nothing of value had been improperly requested from, or paid by, it in exchange for the issuance of a confirmation of arrival; and (b) the Government of Iraq confirmed that it had investigated the matter and had discovered no evidence that anything of value had been improperly requested from, or paid by, the supplier in exchange for the issuance of a confirmation of arrival.

F. Conclusion

15. The Secretary-General welcomes the progress achieved by the Government of Iraq in reducing the number of letters of credit for which the confirmation of arrival was pending and in investigating certain allegations referred to in paragraph 14 above.

16. However, the Secretary-General notes that in its report to the Security Council dated 18 June 2010 (S/2010/365), the Government of Iraq informed that no confirmations of arrival would be issued, to the extent no record of delivery is available, in relation to (a) the remaining 37 letters of credit with claims of delivery; and/or (b) the letters of credit identified in paragraph 13 above, whose beneficiaries had made claims of delivery prior to the expiry of the letter of credit and whose letters of credit were cancelled.

17. Consistent with the legal framework of the programme, no payment can be made to suppliers in the absence of authentication documents duly issued by the Government of Iraq. Therefore, the letters of credit with claims of delivery identified in paragraph 16 above will not be paid from the United Nations Iraq Account under the programme, since no confirmation of arrival will be issued.

IV. Status of the United Nations Iraq Account

18. Pursuant to Security Council resolution 1483 (2003), it was established that unencumbered funds in the United Nations Iraq Account would be transferred to the Development Fund for Iraq. To date, the United Nations has transferred a total of $10.42 billion to the Development Fund for Iraq. As at 7 December 2010, the United Nations Iraq Account contains $790 million ($185 million and €462 million held in the euro sub-account with an equivalent amount of $605 million (at a rate of $1.31)). Of the total amount of $790 million, approximately $101 million is currently held in the cash collateral portion of the account as encumbered funds to cover claims of delivery made by suppliers, and the remaining amount of $689 million is currently held in the non-collateral portion of the account as unencumbered funds corresponding to the following:

(a) $187 million as a reserve for any potential claims until such date as all unresolved issues relating to the programme are finally resolved pursuant to paragraph 16 of the note attached to the letter from the Secretary-General to the President of the Security Council dated 10 July 2006 (S/2006/510);

(b) $225 million originally held in the United Nations Iraq Account in respect of expired letters of credit which have not been transferred to the Development Fund for Iraq pending the resolution of claims of delivery from suppliers in those cases where the Government of Iraq has not issued authentication documents pursuant to the notes attached to the Secretary-General's letters to the President of the Security Council dated 25 July 2007 (S/2007/476), 7 December 2007 (S/2007/725) and 23 January 2008 (S/2008/41);

(c) $277 million corresponding to recently cancelled letters of credit, interest earned on the investment of the funds and unrealized gains or losses from the fluctuations of the euro against the United States dollar.

V. Conclusions and recommendations

19. Subject to the definitive confirmation by the Government of Iraq that no more confirmations of arrival will be issued for the letters of credit with claims of delivery still outstanding, the Security Council may wish to consider declaring all such letters of credit closed for all relevant purposes (see, in this regard, my reports of 1 April 2010 (S/2010/166), 6 July 2010 (S/2010/359) and 1 November 2010 (S/2010/563)). Should the Security Council agree to declare all such letters of credit closed, all funds associated with them contained in the United Nations Iraq Account would become available for transfer to the Development Fund for Iraq at the earliest possible time, pursuant to paragraph 17 of Security Council resolution 1483 (2003).

20. As mentioned in past correspondence from the Secretary-General to the Security Council with regard to commercial disputes between the Government of Iraq and the relevant supplier in connection with the letters of credit issued under the programme, it should again be recalled that any such dispute should be addressed through the dispute resolution mechanism provided for in the underlying commercial contract between the Government of Iraq and the relevant supplier or, in the absence of such a mechanism, by a competent court.

21. As mentioned in previous communications, irrespective of the manner selected by the Security Council for the conclusion of all residual activities under the programme, the conclusion of all such issues should be made subject to the provision by the Government of Iraq of comprehensive and adequately funded indemnification with regard to all activities of the Organization, its representatives and agents in connection with the programme since its inception and with regard to the funds that have been transferred and will be transferred to the Development Fund for Iraq (see, in this regard, the Secretary-General's letters to the President of the Security Council dated 10 July 2006 (S/2006/510), 25 July 2008 (S/2008/492) and 1 May 2009 (S/2009/230), as well as the Secretary-General's reports dated 27 July 2009 (S/2009/385), 1 April 2010 (S/2010/166), 6 July 2010 (S/2010/359) and 1 November 2010 (S/2010/563)).

22. The Secretary-General wishes to note that the Government of Iraq has already indicated its readiness to provide such indemnification in favour of the United Nations as well as to waive the right to any and all actions against the United Nations, its representatives and agents with regard to all activities of the Organization in connection with the programme since its inception (see Secretary-General's letter to the President of the Security Council dated 25 July 2008 (S/2008/492)).

23. Finally, the Secretary-General would like to recall that the conclusion of all residual activities under the programme should also be subject to the availability of sufficient funds for the Organization to meet the costs and expenses that have been incurred or may be incurred in future in connection with the programme, including the costs and expenses associated with the winding down of the programme and the costs and expenses arising from the Organization's cooperation with Member States in respect of investigations and proceedings related to the programme (see, in this regard, the Secretary-General's letter to the President of the Security Council dated 1 May 2009 (S/2009/230) as well as the Secretary-General's reports of 27 July 2009 (S/2009/385), 1 April 2010 (S/2010/166), 6 July 2010 (S/2010/359) and 1 November 2010 (S/2010/563)).

24. In the light of the foregoing, the Security Council may wish to establish an escrow account to retain the funds necessary to cover both: (a) the indemnification in favour of the United Nations referred to in paragraph 21 above; and (b) the costs and expenses incurred or that may be incurred in future in connection with the programme referred to in paragraph 23 above. Such escrow account would need to be kept for a minimum period of six years and would be subject to a reporting mechanism by the Secretary-General for the purpose of informing the Security Council about any liabilities arising from the activities of the Organization, its representatives and agents in connection with the programme since its inception and with regard to the funds transferred to the Development Fund for Iraq, the costs and expenses incurred or that may be incurred in connection with the programme, as well as the need to continue retaining such funds based on any liabilities that may arise and/or costs and expenses incurred.

VI. Actions sought from the Security Council

25. Under the circumstances, the Security Council may wish to take the following actions in order to ensure the prompt and orderly conclusion of all residual activities under the programme:

(a) Note the status of the United Nations Iraq Account and of the letters of credit with claims of delivery as at 7 December 2010 listed in annex I to this note;

(b) Note the actions undertaken by the Secretary-General to determine the status of letters of credit with claims of delivery;

(c) Note that all letters of credit with claims of delivery have expired according to their terms and that no confirmation of arrival will be provided by the Government of Iraq in respect of 37 out of the 43 letters of credit with claims of delivery listed in annex I to this note;

(d) Declare all letters of credit with claims of delivery, listed in annex I to this note, closed for all purposes under the programme, including for purposes of transferring the funds associated with such letters of credit from the collateral portion of the Iraq Account to the non-collateral portion of the United Nations Iraq Account, without prejudice to any rights or claims that the suppliers with claims of delivery may have for payment, or otherwise, against the Government of Iraq, under their respective commercial contracts with the Government of Iraq;

(e) Direct the Secretary-General to take all necessary actions for the termination of all residual activities under the programme (including the winding down of the programme), subject to the provision by the Government of Iraq of comprehensive and funded indemnification to the United Nations, its representatives and agents in connection with the programme since its inception and with regard to the funds that have been transferred and will be transferred to the Development Fund for Iraq or otherwise to the Government of Iraq;

(f) Recalling in particular paragraphs 19 to 22 of the note attached to the Secretary-General's letter to the President of the Security Council dated 28 July 2008 (S/2008/492), call upon the Government of Iraq to conclude the necessary arrangements to provide comprehensive and adequately funded indemnification to the United Nations, its representatives and agents in connection with the programme since its inception and with regard to the funds that have been transferred and will be transferred to the Development Fund for Iraq, or otherwise to the Government of Iraq;

(g) Request the Secretary-General to take the actions necessary to ensure the effective implementation of this resolution, including all necessary arrangements for the establishment of an escrow account for purposes of retaining the funds referred to in paragraph 24 above, and for the transfer of all remaining funds, beyond those retained for the purposes of paragraph 24 above, as soon as possible from the United Nations Iraq Account to the Development Fund for Iraq, pursuant to paragraph 17 of Security Council resolution 1483 (2003);

(h) Request the Secretary-General to report to the Security Council once a year on the implementation of this resolution, including on the use of as well as the continued need for the retention of the funds referred to in paragraph 24 above and, unless otherwise authorized by the Security Council, to transfer all funds then remaining to the Government of Iraq as soon as possible after 31 December 2016.

Annex I

Active letters of credit for contracts prioritized pursuant to Security Council resolution 1483 (2003) as at 7 December 2010

Seq	Comm No	Letter of Credit	Beneficiary Name	Expiry Date	Currency	Value of Letter of Credit in Original Currency	Balance in Original Currency	USD Equivalent Balance	Documents Presented Amount Unpaid	USD Equivalent Documents Presented Amount Unpaid	Status
1	601333	Z718896	BELMETALENERGO INC., MINSK	31/12/2007	USD	7 380 431.17	5 701 045.67	5 701 045.67	719 593.26	719 593.26	Active
2	631026	Z751762	OIL AND GAS SERVICES GROUP LTD., SHARJAH	31/12/2007	USD	682 727.27	682 727.27	682 727.27	37 272.72	37 272.72	Active
3	631048	Z728693	STEEL FABRICATION CO., AMMAN	31/12/2007	USD	420 000.00	420 000.00	420 000.00	385 000.00	385 000.00	Active
4	631157	Z751164	Neptun Co. Ltd., Moscow	31/12/2007	EUR	3 135 000.00	1 784 500.00	2 335 732.98	1 783 000.00	2 309 585.49	Active
5	700712	U732313	Rona Mallon Enternasyonal Muteahhitlik Sti., Ankara	19/06/2006	USD	3 286 685.00	275 125.00	275 125.00	82 200.00	82 200.00	Active
6	700824	U724641	BHARAT HEAVY ELECTRICALS LTD., INT'L DIV., NEW DELHI	30/06/2004	USD	98 639 541.02	339 592.71	339 592.71	339 592.71	339 592.71	Active
7	702153	U735282	Diesel Energia e Sistemi S.R.L., Ricc di Fornovo (Parma)	31/12/2007	USD	9 045 000.00	8 505 000.00	8 505 000.00	8 505 000.00	8 505 000.00	Active
8	702423	U726920	Agri-Nad S.A., Casablanca	26/11/2004	EUR	22 057 675.50	2 297 363.19	3 007 019.88	2 261 261.60	2 929 095.34	Active
9	702674	U751752	EBD LEBANON S.A.R.L., Beirut	19/06/2006	EUR	1 660 182.15	119 010.72	155 773.19	119 010.72	155 773.19	Active
10	730971	U737440	Phoenix International, Amman	27/10/2004	EUR	486 785.80	486 785.80	637 154.19	453 296.71	587 171.90	Active
11	800329	C729396	Sila - Yambol JSC Company, Yambol,	18/06/2006	USD	11 930 334.42	4 024 814.04	4 024 814.04	4 024 814.04	4 024 814.04	Active
12	801103	C725591	PT ANGKASA EKAMULYA, JAKARTA	18/06/2006	EUR	7 098 404.53	785 149.35	1 027 682.40	36 016.10	46 652.98	Active
13	801130	M728881	EVAPCO	19/06/2006	EUR	9 885 834.82	666 281.71	872 096.48	666 281.66	863 059.15	Active
14	801344	C726197	INTERNATIONAL CERAMICS LTD., LAHORE	19/06/2006	EUR	1 649 038.64	1 649 038.64	2 158 427.54	1 649 034.60	2 136 054.40	Active
15	801639	M751744	COMESSA, STRASBOURG,	18/06/2006	EUR	980 000.00	196 000.00	256 544.50	123 272.00	159 678.76	Active

Seq	Comm No	Letter of Credit	Beneficiary Name	Expiry Date	Currency	Value of Letter of Credit in Original Currency	Balance in Original Currency	USD Equivalent Balance	Documents Presented Amount Unpaid	USD Equivalent Documents Presented Amount Unpaid	Status
16	802571	M750987	Sakr Power Systems S.A.L.	30/06/2007	EUR	2 951 768.00	1 450 197.74	1 898 164.58	280 643.00	363 527.20	Active
17	802945	C736601	Indomas Co., Jakarta	14/06/2004	EUR	1 692 755.00	111 556.60	146 016.49	94 999.86	123 056.81	Active
18	900034	L727655	INTERNATIONAL CERAMICS LTD., LAHORE	19/06/2006	EUR	3 543 896.98	2 636 854.59	3 451 380.35	2 636 847.61	3 415 605.71	Active
19	900045	L726681	EL-HOSAN FOR IMPORT AND EXPORT FILLING AND PACKING FOODSTUFF, CAIRO	18/05/2004	EUR	8 400 000.00	211 627.54	276 999.40	211 627.54	274 128.94	Active
20	902090	L738698	Rona-Mallon Enternasyonal Muteahhitlik Ltd., Ankara	19/06/2006	USD	4 380 582.00	479 200.00	479 200.00	121 500.00	121 500.00	Active
21	930074	L730874	JORD ENGINEERS INDIA LTD., BARODA	19/06/2006	EUR	715 414.80	609 085.82	797 232.75	158 002.06	204 665.88	Active
22	1000426	T732124	Hannon Trading & Marketing, Tunis	31/12/2007	EUR	2 094 143.75	1 910 032.23	2 500 042.19	1 898 611.09	2 459 340.79	Active
23	1000445	T733494	Modern Ceramics S.P.A., Algiers	31/12/2007	EUR	5 394 204.97	4 732 117.60	6 193 871.20	4 621 719.59	5 986 683.41	Active
24	1000752	T739588	Bisca A/S (Kelsen Bisca A/S), Snede	19/06/2006	EUR	10 306 250.03	4 411 941.98	5 774 793.17	156 974.28	203 334.56	Active
25	1001204	T751571	HINDUSTAN DORR-OLIVER LTD., MUMBAI	31/12/2007	EUR	10 223 347.00	6 983 389.00	9 140 561.52	3 255 047.00	4 216 382.12	Active
26	1001517	T751770	NATIONAL TOURISTIC CONSTRUCTIONS (N.T.C.), HELIOPOLIS, CAIRO	19/06/2006	EUR	12 236 000.00	11 801 970.30	15 447 605.10	4 104 280.00	5 316 424.87	Active
27	1001636	T736742	The Sugar Factory of Lebanon (Off Shore) S.A.L., Beirut	02/08/2004	EUR	174 181.85	174 181.85	227 986.71	109 494.10	141 831.74	Active
28	1002233	T751386	STEEL FABRICATION CO., AMMAN	18/06/2006	EUR	8 177 000.00	4 814 354.89	6 301 511.64	539 621.23	698 991.23	Active
29	1002236	T751710	STEEL FABRICATION CO., AMMAN	18/06/2006	EUR	1 665 000.00	809 788.15	1 059 932.13	432 000.00	559 585.49	Active
30	1100539	V737691	NUTIRS CO. SA	19/06/2006	EUR	1 270 990.40	335 678.20	439 369.37	37 944.00	49 150.26	Active
31	1101147	V735680	Anwer Akkad Sons Co. for Trade & Industry, Damascu	31/12/2007	EUR	1 521 250.00	512 299.96	670 549.69	505 062.80	654 226.42	Active

Seq	Comm No	Letter of Credit	Beneficiary Name	Expiry Date	Currency	Value of Letter of Credit in Original Currency	Balance in Original Currency	USD Equivalent Balance	Documents Presented Amount Unpaid	USD Equivalent Documents Presented Amount Unpaid	Status
32	1101152	V737364	Anwar Akkad Son's Co. Trade and Industry, Damascus	31/12/2007	EUR	3 611 100.00	1 167 296.22	1 527 874.63	1 167 296.22	1 527 874.63	Active
33	1101473	V736780	SES International Corp., Damascus	15/02/2005	JPY	1 449 423 317.00	64 637 770.00	766 395.19	64 637 770.00	680 397.58	Active
34	1201414	P750944	Safire Ltd., Moscow	18/06/2006	EUR	35 511 031.80	2 614 698.05	3 422 379.65	1 682 423.99	2 179 305.69	Active
35	1201424	P750468	Safire Ltd., Moscow	19/06/2006	EUR	34 403 824.80	97 342.26	127 411.34	2 135.91	2 766.72	Active
36	1230127	P751526	NICCO CORPORATION LIMITED (PROJECT DIVISION), KOLKATTA	19/06/2006	EUR	1 740 000.00	335 711.56	439 413.04	28 239.43	36 579.57	Active
37	1230176	P751169	LITINTERN Joint Stock Company, Amman	19/06/2006	EUR	1 538 601.00	1 538 601.00	2 013 875.65	1 538 601.00	1 993 006.48	Active
38	1230255	P738650	Al Karmel for Modern Agricultural Techniques, Amman	18/06/2006	EUR	384 072.22	279 192.22	365 434.84	63 840.00	82 694.30	Active
39	1230448	P739150	GTI Global Trade & Investment S.A.L., Beirut	18/06/2006	EUR	1 379 960.00	1 225 880.00	1 604 554.97	831 606.00	1 077 209.84	Active
40	1300033	B750473	United Arab Company for International Trading, Cairo	31/12/2007	EUR	1 255 000.00	1 255 000.00	1 642 670.16	478 545.45	619 877.53	Active
41	1300215	B750425	Laceramic, Tunis	27/09/2004	EUR	1 492 800.00	252 815.65	330 910.54	252 815.64	327 481.40	Active
42	1300553	B751627	Universal Modern Industris Co. for Edible Oil, Amman,	15/01/2005	EUR	3 779 522.73	67 489.48	88 337.02	67 489.48	87 421.61	Active
43	1300594	B751625	Holding Co. for Food Industries, Cairo,	31/10/2004	EUR	28 796 363.64	2 583 244.88	3 381 210.58	2 577 747.80	3 339 051.55	Active

Annex II

Letters of credit with claims of delivery for which confirmations of arrival were issued and beneficiary could not be located as at 7 December 2010

Seq.	*Comm No.*	*Letter of Credit*	*Beneficiary Name*	*Expiry Date*	*Currency*	*Value of Letter of Credit in Original Currency*	*Balance in Original Currency*	*USD Equivalent Balance*	*Documents Presented Amount Unpaid*	*USD Equivalent Documents Presented Amount Unpaid*	*Status*
1	802945	C736601	Indomas Co., Jakarta	14/06/2004	EUR	1 692 755.00	111 556.60	146 016.49	94 999.86	123 056.81	Active
2	1201414	P750944	Safire Ltd., Moscow	18/06/2006	EUR	35 511 031.80	2 614 698.05	3 422 379.65	1 682 423.99	2 179 305.69	Active
3	1201424	P750468	Safire Ltd., Moscow	19/06/2006	EUR	34 403 824.80	97 342.26	127 411.34	2 135.91	2 766.72	Active

Annex III

Letters of credit with claims of delivery for which confirmations of arrival were issued and beneficiary has not provided requisite documentation as at 7 December 2010

Seq	*Comm No.*	*Letter of Credit*	*Beneficiary Name*	*Expiry Date*	*Currency*	*Value of Letter of Credit in Original Currency*	*Balance in Original Currency*	*USD Equivalent Balance*	*Documents Presented Amount Unpaid*	*USD Equivalent Documents Presented Amount Unpaid*	*Status*
1	631157	Z751164	Neptun Co. Ltd., Moscow	31/12/2007	EUR	3 135 000.00	1 784 500.00	2 335 732.98	1 783 000.00	2 309 585.49	Active
2	730971	U737440	Phoenix International, Amman	27/10/2004	EUR	486 785.80	486 785.80	637 154.19	453 296.71	587 171.90	Active
3	801103	C725591	PT ANGKASA EKAMULYA, JAKARTA	18/06/2006	EUR	7 098 404.53	785 149.35	1 027 682.40	36 016.10	46 652.98	Active